TRADE-DRESS IMITATION AND CONSUMER CHOICE

By

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Abstract of Dissertation Presented to the Graduate School of the University of Florida in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy

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A trade-dress imitation (or "copycat") strategy for the introduction of a new brand in an existing category uses visual similarity to an established leader brand as a persuasion tool. Successful copycats contradict common marketing wisdom that a new product should always attempt to differentiate itself from the competition. Few studies, however, have examined the circumstances under which copycats can be succesful. This dissertation focuses on the effect of copycat appearance on the competitive strength of a follower brand relative to other followers in an established market.

Four experiments examine the nature of the copycat effect and its sensitivity to product information contradicting the implications of the visual similarity cue. An initial experiment found that increasing the similarity of a follower brand package to a leading brand package made

consumers more sensitive to reductions in price of the copycat brand. A copycat benefited more from a positive price difference with the leader brand than did a visually differentiated follower. In the absence of a price advantage, there was no effect of visual similarity on the share allocated to the follower brands. This result supports the hypothesis that differences between the leader and a follower become more diagnostic for choice when the overall appearance of the follower is similar.

Follow-up experiments concentrated on conditions under which the positive copycat effect could be reduced or reversed. It was hypothesized that consumers would counterargue the use of a copycat strategy when they had ample opportunity to interpret the visual information (Experiment 2), when the copycat was unambiguously positioned differently from the leader brand it had copied (Experiment 3), or when the copycat was objectively inferior to the other products in the choice set (Experiment 4). In each case, however, similarity had a positive effect on the copycat brand. In conclusion, there seem to be circumstances under which a trade-dress imitation strategy can confer a competitive advantage over other, nonleading brands. And, contrary to recent speculation regarding consumers' understanding of marketer persuasion tactics, there is little evidence in the present research that consumers penalize brands for the use of such tactics.

INTRODUCTION

Considerable agreement exists in the marketing literature about the value of a brand name. Brand names serve as the primary cue to identify and recognize the product in the choice environment. Over time, the consumer also learns about the product through advertising and experience and comes to associate the brand name with the benefits provided by the product carrying the name. Because of the recognizability of the brand name and the associations that are attached to it, the name becomes a valuable asset to the firm. Consequently, marketers have stressed the importance of carefully managing the brand to preserve its association with the benefits provided by the firm's product offering (Aaker 1991; Keller 1993).

Traditionally, very similar recommendations have been made by business writers about the management of a brand's visual appearance. Product appearance, as embodied by the brand logo and the visual configuration of the package, should be unique to facilitate identification and recognition in the choice environment and should be consistent over time to preserve associations that consumers have formed to the brand (Barail 1954; Larrabee 1933; Sacharov 1982). A distinctive and familiar appearance

facilitates brand identification and the retrieval from memory of stored associations and prior evaluations, particularly in the visually cluttered choice environment of many packaged goods categories (cf. Alba, Hutchinson, and Lynch 1991; Keller 1987). The importance of the package design is explicitly recognized by firms through the common practice of jointly extending the visual appearance of the product with the brand name into other product lines or categories.

The Legal Problem of Trade-Dress Imitation

Firms benefit most from well-managed brands to the extent that duplication is made difficult. Most countries have a body of trademark laws limiting the right of "follower" entrants in a product category to imitate the name and/or the appearance (or "trade dress") of an incumbent. To avoid the creation of unnecessary monopolies, however, trademark infringement is recognized by law only if it can be demonstrated by the plaintiff that the consumer is likely to be confused about the product's "source" (the manufacturer) upon exposure to a "copycat" product, or imitation.[1] If there is no likely confusion with respect to source, imitation is legal (Allen 1991).

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1 In trademark infringement cases, courts do take into account evidence other than actual confusion between

Despite this provision in the law, brand names have been relatively easy to protect. Even when a competitor only intends to borrow the associations attached to another firm's brand name, it is virtually impossible to use the name without creating confusion about the identity of the product. The same is not true for the trade dress. In practice, it is very difficult for an incumbent to demonstrate likely confusion if the incumbent and an imitator are clearly differentiated by brand name (Simonson 1994). Consequently there are many fewer restrictions on the imitation of the visual appearance of the product than there are on the imitation of a brand name (Abbott and Lanza 1994; Miaoulis and d'Amato 1978). A survey of the recent

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products. They look at similarity in appearance, advertising themes, distribution channels, the strength of the plaintiff's trademark, the opportunity of the consumer to investigate the product, and the "sophistication" of the buyer (Fletcher and Kera 1992; Kaeding 1992; Stern and Eovaldi 1984). Acceptance of an infringement claim, however, always depends on whether these factors contribute to the confusion of source, not whether the consumer would make mistaken inferences about product function or quality (Gleiberman 1993). Purists in the trademark protection field have attacked recent court decisions that applied this criterion too loosely and overprotected incumbents for mere inferences about functional attributes when likely source confusion was not adequately demonstrated (cf. Carter 1990). It is argued that, although trademarks need to receive protection in order to motivate innovation and investment, the trademark laws are primarily meant to protect the public and the business community from unnecessary barriers to competition and to avoid denying competitors the use of product features or attributes that are valued by the consumer (Carter 1990).

business press reveals that "copycat" introduction strategies are common and that incumbent firms often feel forced to either engage in very costly and risky litigation or change their own product appearance--with obvious negative consequences for their brand's equity (Demetrakakes 1993; McKenna 1993; Spethman 1993).

The Marketing Problem of Copycat Appearance

Most existing consumer research regarding trade-dress imitation[2] has concentrated on the likelihood of confusion between the copycat and the copied leader brand (Foxman, Muehling, and Berger 1990; Kapferer 1994; Loken, Ross, and Hinkle 1986; Miaoulis and d'Amato 1978; Simonson 1994). The focus on confusion is understandable given that consumer researchers' input has often been asked in infringement lawsuits. From a marketing perspective the confusion issue is not particularly interesting. When confusion can be demonstrated, imitation of the trade dress is illegal, and no legitimate firm would be motivated to try this sort of deception. Although some in the legal field envision that trademark law eventually will adapt to incumbent demands to

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[2] Copycat appearance and trade-dress imitation are the respective marketing and legal terms for the same phenomenon. I will use them interchangeably throughout the dissertation and differentiate them from "me-too" products. The latter term refers to similarity in positioning, rather than to similarity in physical appearance.

protect the associative function as well as the identification function of the trade dress (cf. Drescher 1991), only identification is currently recognized. Copying is not illegal when the visual similarity of the imitator to a leading brand merely causes the consumer to infer either specific or unspecified benefits that are similar to those of the incumbent brand. The circumstances under which such inferences are made and accepted by the consumer as valid information in a choice decision remains an important and unanswered question to marketers--if not to courts of law. To the extent that an increase in perceived similarity also has a positive effect on consumers' choices, copycat tactics could be useful for some new product introductions.

Common marketing thought suggests that incumbents need not worry about trade-dress infringement. Although the potential benefits of imitation as a cost-saving strategy have been considered (Levitt 1966), marketing researchers and economists have always stressed the importance of differentiation and uniqueness for "second movers" in an existing market (Carpenter and Nakamoto 1989, 1990; Keller 1993; Ries and Trout 1979; Schmalensee 1982; Wind 1982). Empirical evidence shows that introducing new brands as nondistinctive and non-unique will actually harm them profit-wise (Boulding, Lee, and Staelin 1994).

On the other hand, Keller (1993) recognized that new products in an existing market face the task of associating themselves with their potential competition as well as

differentiating themselves from the competitors. In this respect, managing the perceived similarity to an incumbent brand might be a useful strategy if it can be done in such a way that the competitive advantages become more salient. Similar to a comparative advertising strategy, copycat packaging may create an association between the follower brand and the copied leader, and create a perceived advantage over other follower brands in the same product category (Gorn and Weinberg 1984; Pechman and Ratneshwar 1991).

Summary

Often follower brands imitate the trade dress of an established leader brand in a product category. As long as the imitation does not cause confusion with respect to the manufacturer of the product, copycat tactics are legal. Whether or not they are effective from a marketing point of view remains an open question.

This dissertation is an experimental investigation of the existence and nature of a "copycat effect." I examine the circumstances under which copycat appearance--the deliberate use of visual similarity to a specific category leader--affects the choice likelihood of the follower brand using this strategy. The next chapter provides a discussion of the existing research results and an outline of the relevant theoretical background on similarity effects in

consumer choice. Subsequent chapters describe the four experiments that were conducted to investigate the existence of a copycat effect and explore its boundary conditions. The final chapter summarizes the findings and discusses directions for future research.

VISUAL SIMILARITY AND CONSUMER CHOICE

Although copycat effects are featured in most consumer behavior textbooks, empirical studies on the effects of copycat appearance have been scarce. Most of the reported studies have addressed the issue of source confusion and have ignored the question whether copycat brands are viable on the market. To answer this question, one needs to examine whether copycat appearance affects consumer choices and whether such an effect favors or harms the copycat. Existing theory can be used to predict when consumers will tend to infer similar product quality or benefits from similar "looks" and how inferred similarity subsequently affects product evaluations or choices. The relevant theory is briefly summarized below. First, the few empirical studies addressing copycat effects are reviewed.

Evidence for a Positive Copycat Effect.

Most consumer behavior textbooks treat copycat effects as an illustration of stimulus generalization in a classical conditioning framework. When a consumer has developed a positive evaluative response to a particular brand, this response is hypothesized to generalize to brands that look

similar to the valued brand (Engel, Blackwell, and Miniard 1993; Loudon and Della Bitta 1993; Solomon 1994; Wilkie 1994). Inasmuch as the classical conditioning framework itself is neutral with respect to mediation, such an effect may or may not be mediated by inferences about benefit-level similarity between the products.

Miaoulis and d'Amato (1978) found in a field study that buyers of two copycats of "Tic-Tac" mints tended to justify their purchase by referring to expected similarity in benefits to the leader brand. In a study by Ward, Loken, Hinkle, and Hasapopoulos (1986), one group of subjects rated pairs of shampoo brands for visual similarity. Visually similar pairs received more similar benefit ratings by another group than visually different pairs. Visually similar brands also received more similar evaluations.

These correlational studies only suggest a positive influence of visual similarity on brand evaluation. Visual similarity to the leader was not manipulated, and the subjects may have used information other than mere visual similarity about the products in their judgments. No studies have been published which show a causal link between visual similarity to a leader and positive evaluation or choice likelihood of the copycat.

Evidence for a Negative Copycat Effect

Evidence for a negative copycat effect was presented by Carpenter and Nakamoto (1989) in the context of their work on the pioneering effect. They found that the copycat of a pioneer brand gained less market share than a differentiated entrant and also benefited less from a price reduction than a differentiated new entrant, at least when the relative importance of each attribute for an optimal decision was ambiguous. They later included this finding as an assumption in modeling work and concluded, unsurprisingly, that a copycat strategy would always lead to lower profits than a differentiated strategy (Carpenter and Nakamoto 1990).

Carpenter and Nakamoto (1989) attributed the negative copycat effect to the "acquired distinctiveness" or prototypicality of the pioneer brand, but they did not elaborate further on the assumed underlying psychological mechanism. Actually, their results are compatible with at least two explanations. First, it is possible that the cognitive representation of the more familiar pioneer brand served as a standard of comparison against which the new entrants were evaluated. Because the pioneer is familiar and well liked, the similar but unknown new entrant pales in comparison. Less similar followers are less likely to "attract" the pioneer as a comparison standard and are more likely to be evaluated on their own merits. Carpenter and

Nakamoto (1989) appear to assume that such an effect would be universal. A priori, however, the opposite effect seems equally plausible. Because of the inferred similarity to the leader brand, the copycat might appear more attractive than an equally unfamiliar differentiated follower brand. The acquired prototypicality of the leader brand by itself does not explain the direction of the copycat effect. A later section in this chapter will outline the circumstances under which copycat appearance will either benefit or harm the copycat brand.

A second explanation of Carpenter and Nakamoto's results is that their subjects merely perceived the copycat as more similar to the pioneer than they did the differentiated entrant, without interpreting the similarity positively or negatively. However, because of the inferred overall similarity between the pioneer and the copycat, the price difference between the two may have appeared more diagnostic for choice than the same price difference between the pioneer and the differentiated entrant. This would lead to a disadvantage for the copycat in choice situations in which consumers draw strong quality inferences from price. If a negatively interpreted price difference is more salient for the copycat it would indeed be harmed more by the same difference than a visually differentiated follower. This would also imply that the copycat effect would be to the advantage of the copycat if a lower price would be interpreted positively.

Summary of the Available Evidence

Very little empirical evidence is available regarding copycat effects. The few studies that examined visual similarity of a follower brand to a leader brand found evidence for similarity based inferences about copycat benefits, and an effect on product evaluation. Because of their correlational nature it is impossible to conclude that effect is due to the visual similarity per se. The copycat and the copied leader may have had other features or attributes in common that may have driven the results. It is also possible that the copycat was superior to the leader brand on other attributes, like price.

On the other hand, the negative copycat effect found by Carpenter and Nakamoto (1989) was not obtained with visual copycats but rather with choice alternatives for which the similarity to the leader was manipulated in terms of verbal attribute descriptions. It is not clear whether these different operationalizations of similarity would have the same effect. In addition, their negative result is open to multiple interpretations. The similarity could have directly impacted the evaluation of the copycat, or it could have had an indirect impact by increasing the diagnosticity of the price difference between the copycat and the leader. A priori, there is no reason to assume that the opposite results are less plausible.

Two issues should be examined in order to better understand the effect of copycat appearance on consumer choice. First, the circumstances under which consumers draw inferences about the nature of the copycat brand based on the its visual appearance should be investigated. Second, it should be clarified to whether such inferences are directly evaluative, or whether the inferred similarity changes the perceived diagnosticity of other available information. The theoretical literature relevant to these two questions will be reviewed in the subsequent sections.

Inferences Based on Inter-Brand Similarities

Similarity plays an important role in the cognitive tasks that are thought to mediate consumer choice. The basic idea in categorization theory is that perceivers compare new stimuli to a cognitive representation of similar stimuli that have been perceived in the past. Consumer researchers have readily adapted this idea to help understand consumer reactions to new products or brands. If the representation of the newly encountered product matches that of known products (either individual exemplars or summary representations), the interpretation of the new product is facilitated. Missing information about the new product is assimilated from what is known about the category or about the similar exemplars (Meyers-Levy and Tybout 1989; Sujan 1985). Only when an initial mismatch occurs, is the

consumer likely to search for and elaborate on more individuating information (provided that s/he has the ability, opportunity and motivation to do so).

If the perceived similarity between the new and the known brands is based selectively on those features that are relevant to the consumer's goal, similarity-based inferences would be adaptive and accurate. Indeed, one of the key "dimensions" of expertise (Alba and Hutchinson 1987) is the ability to make quick and accurate inferences about the nature of new stimuli or configurations by comparing them to known exemplars as represented by their relevant attributes (Chi, Feltovitch and Glazer 1981). For example, if the effectiveness of a specific dandruff shampoo such as "Head and Shoulders" is due to a particular ingredient, other shampoos with the same ingredient are likely to be effective as well. Copy-cat inferences are different because they are based on the similarity of superficial cues from the product's design or package. The distinctive appearance of a "Head and Shoulders" bottle obviously bears no intrinsic causal relationship to the product's benefits. When the design is copied by another brand, there is no logical reason to infer that the product has similar benefits.

Why would people infer such benefits? There are two potential explanations, one based on overgeneralization of the usually adaptive similarity heuristic (cf. Alba and Hutchinson 1987; Arkes 1991), and the other based on the consumer's interpretation of the product's appearance as a

marketer tactic (Friestad and Wright 1994; Wright 1986). Both provide insight into why a consumer would interpret visual similarity as an indication of benefit similarity. Both perspectives also suggest conditions under which consumers will not accept visual similarity as a valid predictor. People can avoid using overlearned heuristics in cases in which the situation provides enough cues to indicate that the heuristic is not appropriate. They can also interpret the marketer tactic as deceptive and meant to hide deficiencies of the product.

Overgeneralization of a similarity-heuristic

It has been shown repeatedly that people will make similarity-based inferences without selecting the relevant features as a basis of comparison. Rather, individuals tend to rely on holistic or overall similarity (Smith and Kemler-Nelson 1984) or on salient features as if they behave analytically, regardless of their criterial relevance (Hutchinson and Alba 1991). The reliance on superficial similarity may be the best possible strategy when the perceiver is constrained in ability or opportunity to process the relevant information (e.g., Smith and Kemler-Nelson 1984), when judgments are to be made early in the learning process about a new category (Hutchinson and Alba 1991), or when judgments are memory-based after incidental learning (Hutchinson and Alba 1991; Wattenmaker 1991).

However, superficial similarity has also been shown to have an influence on judgments when perceivers have learned and demonstrated mastery of a correct analytical rule (Allen and Brooks 1991) or when the perceivers are known experts in a domain (Gilovich 1981).

In the study by Gilovich, college football coaches were influenced by irrelevant similarities of college players to well-known football stars. An unknown quarterback was judged a better prospect for the professional league when he was said to be born in the same town as a well-known professional quarterback. Obviously the subjects were aware of the presence of the cue. However, they themselves judged it irrelevant and appeared to be unaware of the extent of its impact on their evaluations. Apparently perceivers are not fully able to control the impact of irrelevant similarity cues on their inferences.

Several researchers have argued that the tendency to infer similar nature from similar appearance is overlearned and automatized (Allen and Brooks 1991; Smith and Zarate 1992; Rosch 1978). Once such an inference is triggered, we lack sufficient insight into our own cognitive processes to correct accurately for its influence, even if we know that the triggering cue was one of questionable validity.

This suggestion is consistent with an entire body of research demonstrating contextual influences on judgment as an anchoring-and-insufficient-adjustment phenomenon (Bargh 1989; Griffin and Tversky 1992; Kahneman and Miller 1986;

Clore 1992). The data on correspondence biases (e.g., Gilbert 1989), stereotyping (Lyens, Yzerbyt, and Schadron 1994), mood effects on judgment (e.g., Schwartz and Clore 1983), construct priming (Bettman and Sujan 1987; Higgins, Rholes, and Jones 1977), nondeliberate influences of memory (Jacoby, Kelley, Brown, and Jachenko 1989), and advertising-experience interactions (Deighton 1984; Hoch and Ha 1986; Ha and Hoch 1989) all point out that judgments often are constructed on the basis of accessible information, while insufficient regard is given to the relevance of the information (Clore 1992). In such cases, the representativeness or strength of a cue has a larger impact on judgment than is justified by its relevance or "weight" (Griffin and Tversky 1992).

In summary, copycats may be effective because individuals tend to over-apply a usually adaptive similarity logic to situations where such inferences are inappropriate. Despite the lack of data concerning the robustness of such similarity-based reasoning in case of copycat products, an analogy can be drawn to related research in impression formation showing an effect of salient persuasive cues and insufficient adjustment according to their validity.

Accepting visual similarity as a signal for benefit similarity

Copycat effects may be one example of a general class of phenomena showing the pervasive nature of similarity-based inferences. However, one unique aspect of a trade-dress imitation is that it is an intentional strategy on the part of the marketer to create the impression that the product is similar to the leader brand. Consequently, consumers may use this knowledge in their evaluation of the product. Friestad and Wright (1994) recently presented a general theory of "persuasion coping knowledge" to account for such cases. They propose that consumers, upon exposure to an exemplar of a marketer's persuasion tactic, access the knowledge they have gathered about such tactics. They then use the knowledge to form inferences about why the marketer is using the strategy and apply this possibly "naive" theory to interpret the marketer's message and prepare their own response (Friestad and Wright 1994).

From this perspective one could surmise that consumers will interpret and react to a copycat product on the basis of what they believe to be the purpose of the trade-dress imitation. Although consumers' knowledge and personal theories about copycat strategies may be very diffuse and idiosyncratic, there are two poles to the continuum of possible reactions. On the one hand, consumers could accept the visual similarity as a sincere signal by the marketer to communicate the nature of the product. They may come to

believe that the copycat product is indeed to some degree similar to the imitated leader brand and integrate this inference with the other information learned about the product. On the other hand they may perceive visual similarity as a deceptive persuasion attempt. In the latter case, consumers might become distrustful of the other information that is provided or even reject the product outright.

Although the "persuasion knowledge" framework is elaborate in its account of how such knowledge may be constructed over time, it does not explain regarding when and how persuasion knowledge will actually be applied during brand evaluation or choice. Still, the theory can be used to derive a potential boundary condition to the copycat effect. If the signaling interpretation is correct, consumers should be very sensitive to information as to whether the similarity of appearance is a sincere signal by the marketer. They should react negatively to additional information that is inconsistent with inferred benefit similarity. Prior research on the impact of perceived marketing tactics has demonstrated sensitivity to information inconsistent with warranty or advertising cost cues, but only when the inconsistency was very obvious (Boulding and Kirmani 1993; Kirmani and Wright 1989; Kirmani 1990). Other studies have shown that when the intuitive relationship between a cue and the implied product characteristic is very strong, consumers tend to be

extremely insensitive to inconsistent information (Broniarczyk and Alba 1994). Copycat appearance on the one hand appeals to a routinely used and widely applicable inferential heuristic; however it is a cue for which the persuasive intent is extremely transparent. The extent to which consumers will yield to the similarity cue therefore is not obvious, but will be the focus of the research reported in the subsequent chapters.

Similarity Effects on Choice

Even if inferences about a follower's product quality are drawn from similarity of appearance to the leader brand, it is uncertain how this perceived similarity will be incorporated in choice decisions. If the inferences based on similarity are primarily evaluative in nature, one might expect consumers to choose for or against the copycat based on its similar appearance. In comparison with an otherwise equivalent and competing follower brand, the copycat would be at an advantage or disadvantage with respect to the other follower regardless of whether there is a price advantage of the followers over the leader brand. Depending on the direction of the similarity effect, copycat followers would always be either better off or worse off vis-a-vis non-copycat followers.

However, even if the similar appearnce of the follower brand does not motivate inferences, copycat appearance may

have an effect on choice by increasing the salience of diagnostic differences on other dimensions between the leader and the follower. Prior decision research has supported the hypothesis that an attribute advantage of one alternative over another has a more pronounced effect when the perceived overall similarity between the two alternatives is high (Mellers and Biagini 1994; Rumelhart and Greeno 1971; Tversky and Russo 1969). If copycat appearance merely increases the perceived similarity between the leader and a follower, the same price difference may appear more diagnostic for pairwise comparisons between the leader and the copycat than for comparisons between the leader and other, visually differentiated, followers. Under the assumption that consumers tend to compare each follower with the leader brand, the positive or negative copycat effect should become more pronounced as the price difference between the leader and the follower brands increases.

In the absence of direct evaluative inferences a cross-over interaction would be predicted. There would be no copycat effect if leader and followers are priced the same; copycats would be better off than differentiated followers for a positively evaluated price difference but worse off for a negatively evaluated price difference.

It should be noted that the two possibilities are not mutually exclusive; copycat appearance may have an effect on the diagnosticity of price in addition to a direct effect on evaluations. However, the possibility that the nature of a

copycat effect would depend on the interpretation of other differences between the leader and the copycat allows one to reconcile the findings of Carpenter and Nakamoto (1989) with the strong theoretical suggestion that individuals tend to make similarity-based inferences about underlying attributes. Carpenter and Nakamoto's results are consistent with the untested assumption that subjects in their study tended to infer quality from price and therefore interpreted the price difference between the leader and the followers negatively. Consistent with the proposed interactive effect of similarity and price, subjects then may have penalized the similar follower more for the inferred deficiency in quality than they did the dissimilar follower.

The proposed interaction between similarity and price may also reflect different success rates of copycats in the marketplace. In real-world market conditions the deliberate use of visual similarity is often combined with price differentiation among the copycat and the copied leader. Some store brands and small local competitors tend to copy visual characteristics of an established leader, usually at a lower price. On the other hand, one can find instances of copycat introductions at a similar or even higher price. The recent introduction of Snapple and Gatorade copycats by Coca-Cola may be good examples. In the absence of strong price-quality inferences, the lower priced copycats may be more successful than the similarly priced copycats relative

to other followers with an identical price and a differentiated appearance.

Summary and Research Strategy

Copycat appearance or trade-dress imitation is a commonly used packaging strategy for follower brands in an established product market with a strong and visually distinctive leader brand. The strategy is intended to portray a follower product as similar in decision-relevant attributes to the known leader brand. Although empirical evidence regarding the success of this strategy has been inconsistent, it is consistent with the known tendency to infer similar nature from similar appearance in many other domains in life. If consumers are inclined to such inferences from packaging appearance, the effect may be directly evaluative but it may also increase the perceived diagnosticity of other attributes discriminating the leader from the followers. Purely evaluative inferences would produce additive effects of similarity and a price difference between a leader brand and the followers in the choice set; a stronger response to a price difference between the leader and the copycat than to the same difference between the leader and a differentiated follower would produce a similarity-by-price level interaction. To examine both possibilities, Experiment 1 presents subjects with choice sets in which price and similarity are

manipulated and tests whether the effects will be additive or interactive.

The strength of this similarity-based heuristic may or may not be counteracted by the obvious persuasive nature of the strategy. Follow-up experiments test the extent to which the use of a similarity heuristic is sensitive to information that the copycat appearance may be insincere. Experiment 2 tests whether the similarity effect is sensitive to the subject's opportunity to confirm the appearance-based impression by examining other product information (cf. Ha and Hoch 1989). Experiment 3 tests whether the effect is sensitive to a difference in positioning between the copycat and the copied leader. Experiment 4 combines the information as presented in Experiments 1 and 2 with an actual taste test in which the copycat follower is inferior to the other follower. It tests whether the similarity effect reduces the negative impact of an experienced quality difference on choice.

EXPERIMENT 1: ESTABLISHING A VISUAL SIMILARITY EFFECT

The objective of Experiment 1 was to investigate how the choice of a follower brand is affected by visual similarity to the leader. Mere visual similarity should be objectively unrelated to the given information about product benefits (Lefkoff-Hagius and Mason 1993). But to the extent that consumers infer benefit similarity from visual similarity, two predictions can be made based on the literature review in the preceding section. A first hypothesis is that visual similarity to the leader has a direct effect on the choice likelihood of the copycat relative to other follower brands. Some reported data suggest a positive main effect of similarity (Ward et al. 1986); other data suggest a negative main effect (Carpenter and Nakamoto 1989). Regardless of direction, it would be predicted that similarity has an independent main effect, additive with other influences on choice.

According to the second hypothesis, similarity interacts with discriminating information. The effect of a discriminating attribute on the choice likelihood of a follower brand is stronger when its visual similarity to the leader is high than when its similarity is low. Assuming that price is such an attribute, a copycat brand would

outperform a visually differentiated entrant when both are priced more favorably than the copied leader and trail the differentiated entrant when both are more expensive. Experiment 1 tests whether the effects of price and similarity are additive or interactive.

Selection and Construction of Experimental Stimuli

Stimulus selection

The goal of the stimulus selection procedure was to construct triads of brands, one of which would be a well-known brand in the category ("the leader") and two would be unknown followers. Common packaged-good categories were chosen because much of the controversy in the business literature centers around packaged goods and because packaged goods allow easier and less confounded visual similarity manipulation.[1]

Product categories and brands were selected on the basis of two considerations. First, the category needed a well known leader brand with a distinctive and recognizable name and appearance. Second, the category should include

[1] Many real-world copycat "cases" deal with product design imitation or store design imitation (Abbott and Lanza 1994; Fletcher and Kera 1992). For these types of imitation it is not always clear whether the imitated features themselves do not contribute to consumer utility.

many unknown or lesser known brands so that subjects would not be surprised when they were confronted unfamiliar brands as part of a choice set.

Based on a search of local grocery and drug stores and after seeking the advice of colleagues, twenty categories that conformed to these criteria were chosen from an initial set of seventy. Brands unfamiliar to Florida residents were gathered from across the United States and Canada to serve as follower stimuli in the experiment. Based on the availability of such brands, a set of ten product categories was chosen for pretesting brand awareness. Twenty-five volunteer subjects from an undergraduate marketing class rated three leading and three other brand names for awareness on an 11 point scale, which ranged from 0 ("I have never heard of this [category name] brand before") to 10 ("This is the [category name] brand I am most familiar with"). Only categories including at least two totally unfamiliar brands were considered for further use in the experiments. Brands with the highest average level of awareness were chosen to serve as leader brands.

Ultimately three of the unfamiliar brand names were changed to nonexistent names, because of their negative connotation or possible association with known brands in other categories. The final set of selected brand names for the experimental and practice sets is shown in Table III-1.

TABLE III-1

FINAL SET OF CATEGORIES AND BRANDS USED IN EXPERIMENT 1

	LEADER	FOLLOWER 1	FOLLOWER 2
Practice sets:			
Ground Coffee	Maxwell House	Cafe Pilon	El Pico
Hot Sauce	Tabasco	Cholula	Shotgun Willie
Target sets:			
Laundry detergent	Tide	Prime	Sun
Vanilla Ice Cream	Haägen Dasz	Brigham's	Tom Hill
Potato Chips	Lay's	Herr's	Smith's
Dry Spaghetti	Mueller's	Conte Luna	Luigi Vitelli

Construction of experimental package stimuli

For each choice set two package designs were digitized. The package of the leader brand was scanned, and all numeric brand attribute information (weight, final usage date,...) on the front panel of the package was either removed or replaced by wording which was identical across alternatives.

In each category, only one original follower brand package was scanned to serve as the visually differentiated alternative in the experiment.[2] Two versions were made of this package, one for each of the selected brand names. For each of the followers, a copycat version was constructed by digitally changing the brand name on the leader packages.[3] The resulting triads consisted of one leader and two followers for each category, one of which was a visual copy of the leader. Because copycat and differentiated package versions had been constructed for each follower, brand identity of the copycat brand could be counterbalanced across subjects. The hypotheses concentrated on a

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[2] All experimental stimuli are presented in Appendix A. For each of the 4 product categories there are two versions due to the counterbalancing of brand identity. Each of the 8 resulting stimuli was combined with one of three possible price levels for the follower brands. Only the lower price version of each stimulus is shown in Appendix A.

[3] Minor design variations differentiated the leader package and its copycat. The copycat package contained all the visual elements (colors, design features) of the leader brand, but the lay-out of the copycat package was slightly different.

comparison between the two follower brands. The critical tests involve the main effect of similarity and the interaction between price level and similarity.

Two additional triads were constructed in the same manner, but the original package designs were retained. These triads were used for two practice trials at the beginning of each experiment.

Construction of verbal descriptions

For every brand in the experimental and practice sets a different brand description was constructed based on a search of package information of other brands in the same categories and information from trade publications and company press releases. Each description ranged from 40 to 60 words. The verbal descriptions were constructed to be ambiguous with regard to quality differences among the brands. This was accomplished by mixing nondescriptive puffery with factual attribute information for which the brands had identical levels. The brand descriptions for each brand used in the experiments can be found in Appendix A.

The leader price was set at a level which represented the average price of the brand in three major grocery stores in the local marketplace. The price of the follower brands was manipulated to be either the same, 20 percent higher, or

20 percent lower than that of the leader brand. The prices of the follower brands were always identical to each other.

All three packages in each choice set were color-printed, with the verbal product description beneath each package. Prices were printed in a larger type face between the package and the verbal description. Subjects saw the experimental choice sets exactly as they are reproduced in Appendix A.

Method

Subjects

Subjects were volunteers recruited from a Principles of Marketing class. As compensation for their participation they received extra credit for the class. Useful responses were collected from 110 subjects, 50 females and 60 males. Two subjects were eliminated due to language problems. Subjects participated in groups ranging in size from two to fifteen.

Materials

All experimental materials were included in one questionnaire booklet. The first page was a general

instruction page and is reproduced in Appendix B.[4] It was followed by sections for three choice sets. The first two choice sets were practice sets and were identical for all subjects. Each choice set was presented on a single page and included the package designs, price, and verbal product information, as described above.

Each choice set was followed by a single page with the questions for the dependent measures. The practice trials served to familiarize the subjects with the procedure; the practice trial responses were not analyzed. For the target set the main dependent measures were followed by the post-experimental questionnaire described in the next section. The whole questionnaire is reproduced in Appendix C.

Procedure

Upon beginning the experiment subjects were invited to participate in a study of new product introductions. They read a set of instructions which stated that they would have to make choices from three sets of products, each set varying in familiarity and price, "just like you often have to do when you go shopping in the grocery store." The two practice sets were included to familiarize the subjects with

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[4] The general instructions were printed on a single page, and in landscape format, so that subjects did not have to turn the folder in order to see the choice sets. University of Florida thesis requirements do not allow the reproduction of textual material in this format.

the procedure but no indication was given that these sets differed from the target set.

Subjects were told that they would be allowed exactly one minute to examine all available information "in order to make an informed choice." The experimenter then instructed subjects to turn to the first set containing the coffee brands.

After one minute they were asked to turn the page again and answer the questions on a one-page questionnaire. The first question was the main dependent variable in the experiment. Consistent with prior research by Carpenter and Nakamoto (1989), subjects were asked to allocate 100 points across the three brands. The question was formulated as follows: "Suppose you would have to choose between these 3 brands of ground coffee during 100 shopping trips. Also assume that the prices of the 3 products as well as other product characteristics remain constant during that whole period. How often would you buy each of these brands? The sum of the three numbers has to be 100." The subjects then gave the three estimates. In addition they were asked to indicate a preference ranking for the three products and to make one choice "here and now."

This procedure was repeated for the second practice set and the target set. Each of the twenty-four cells in the Category-by-Price Level-by-Rotation matrix was assigned randomly to a subset of 4 or 5 subjects. Each subject viewed only one version of the target set.

After the main dependent measure was collected, all subjects were asked to describe in their own words their strategy for assigning choice shares. They then indicated the perceived importance of product information, price, package appearance, and brand name for the determination of their choice allocation judgments by allocating 10 points among the four cues. This measure was added to check whether the subjects strategically relied on package appearance more in some price and/or product category conditions than in others. They next rated their familiarity with the product category and the leader brand. These measures were collected to be used as covariates. Subjects unfamiliar with the leader brands would obviously be less likely to use similarity to the leader as a cue in the choice allocation judgment. Also the price-quality beliefs were measured on a scale from 0 ("there is no relationship") to 10 ("higher price always means higher quality").

Subsequently, subjects were asked a few demographic questions and they completed a self-report measure on their motivation for the experimental task. This measure tested whether the price manipulation influenced relative choices between the two followers via its effect on the motivation to process the information.

Finally subjects completed two open-ended measures designed to asses demand awareness. The first question asked subjects for their opinion on the purpose of the

experiment. The second question asked explicitly to indicate exactly how they thought the visual appearance of the products had influenced their choices. These two questions were separated by another question asking subjects to indicate how the prices of the products had influenced their choices.

Results

Initial analyses

Internal consistency coefficients for leader-brand familiarity and category familiarity scales were 0.96 and 0.92, respectively. The alpha coefficient for the self-assessment of motivation was 0.76. Reduction of the scale from three to two items increased this coefficient to 0.81. Both retained items measured the degree to which subjects were "motivated" and "interested" were when performing the choice task. The third item, "perceived effort," was included as a separate covariate.

The resulting measures were subjected to a between-subjects ANOVA, with Price Level and Category as factors. Motivation and price-quality beliefs did not vary systematically across conditions. Both familiarity measures showed an effect of Price Level. This is most likely a post-hoc attribution effect. Confronted with a choice set in which two completely unfamiliar brands are more expensive

than a well known and realistically priced leader subjects might reason that "there must be a lot going on in this category that I do not know about." To investigate whether differential familiarity had affected the subjects' responses on the main dependent variable, both variables were introduced as covariates in the main analysis. Neither of the covariates had any independent or interactive effect on the choice shares allocated to the two follower brands. Therefore, only the regular ANOVA results are reported below.

An additional ANOVA was conducted on the weight subjects perceived to have placed on the product package. No effect of either Price Level or Category was found on the self-perceived use of package information.

Main Analysis

A 3 (Price level of followers) X 2 (Package Similarity) X 4 (Product category) mixed ANOVA was performed on the choice shares of the followers, with Brand Rotation nested in Product Category. Package Similarity was a within-subject fixed factor. Product category was treated as a random between-subjects factor. Price Level and Brand Rotation were fixed between-subjects factors.

The use of raw choice share as the dependent variable is the formal equivalent of the analysis conducted by Carpenter and Nakamoto (1989), although they analyzed the

raw choice advantage of the leader brand over each follower as a function of follower type. Both measures are mere linear transformations of each other and therefore should not affect the results. The difference between dependent variables simply reflects the change in focus from pioneering effects to copycat effects.

The effect of interest was the Price Level x Similarity interaction. It was predicted that copycats would be affected more than visually differentiated followers by a price differential between the leader brand and the followers. To the extent that this effect is symmetric for positive and negative differentials, the copycat in these choice triads would benefit more than the visually differentiated follower by a lower price, and be hurt more than the differentiated follower by a higher price. This would also mean that the slope of the linear price trend from higher to lower follower prices would be steeper for the copycat than for the follower brand.

The average choice shares for both followers are shown in Table III-2. The choice shares for the leader are added for completeness. The response to the price changes was different for copycats and visually differentiated followers, although the omnibus Price Level x Similarity interaction did not reach significance ($F(2, 6) = 5.30$,

ns).[5] On the other hand, a test for the interaction of the linear Price Level trend with Similarity was statistically significant, $F(1, 6) = 10.31$ ($p < 0.05$). The linear trend was significant in the expected direction for copycat brands ($F(1, 6) = 10.84$, $p<0.05$) but not so for the differentiated follower ($F(1, 6) = 2.17$, ns). Indeed, the trend for the differentiated follower was in the opposite direction. None of the other main effects or interactions was significant.

Apparently subjects reacted differently to the copycat than to the differentiated follower. If visual similarity had no impact at all, choice shares for the followers would have been a mere function of price. Instead, the price differential in favor of the followers seemed to enhance choices of the copycat while leaving choice of the other follower unaffected.

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[5] Due to the definition of Product Category as a random variable, the relative error term to construct an F-test for the Similarity X Price interaction is the Mean Squared Deviation of the triple Price X Category X Similarity interaction rather than the Mean Squared Deviation of the Similarity X Subject interaction. If Product Category were treated as a fixed factor, the omnibus interaction would be marginally significant ($F(2, 86) = 2.83$, $p < 0.10$), and the choice share of the copycat would be significantly higher in the low price condition ($F(1, 27) = 5.03$, $p<0.05$) but not significantly lower in the high price condition ($F(1, 30) = 0.91$).

TABLE III-2

AVERAGE CHOICE SHARES FOR THE THREE ALTERNATIVES IN EXPERIMENT 1.

	Leader	Visually differentiated Follower	Copycat Follower
Followers are more expensive	78.8	11.9	9.3
Followers are priced the same	74.8	11.5	13.7
Followers are less expensive	73.5	7.8	18.7

In addition to the analysis of variance on the choice shares a categorical analysis was conducted. On the basis of the choice shares, two categorical dependent variables were constructed. A first variable indicated which of the two followers the subject preferred if they were not indifferent. For the second variable, subjects who appeared indifferent were considered as either favoring or avoiding the copycat brand based on their forced ranking responses. In both analyses the effect of package similarity would show

as a statistically significant intercept. The differential effect of similarity at each price level would produce a main effect of Price Level.

TABLE III-3

FREQUENCY OF INDIFFERENT RESPONSES AND PREFERENCES FOR THE COPYCAT OR THE DIFFERENTIATED FOLLOWER AS A FUNCTION OF PRICE IN EXPERIMENT 1

	Preference for other	Indifferent	Preference for copycat
Followers are more expensive	9 (22)	18	11 (16)
Followers are priced the same	8 (17)	15	14 (20)
Followers are less expensive	7 (14)	13	15 (21)

Although the Price Level effect was not significant when all the data were included in the model, a weak but consistent effect was found among subjects who spontaneously chose for or against the copycat. Differences in preference between the copycat and the differentiated follower were more extreme in the lower price condition (X^2 = 2.77, df=1,

$p<0.10$) than in the same price ($X^2 = 1.59$, df=1, $p<0.25$) or the higher price condition ($X^2 = 0.20$). Forced choice data yielded similar results. Table III-3 shows the response frequencies in each response category and at each price level. The numbers in brackets are the forced-choice frequencies.

Content analyses.

On the post-experimental questionnaire, subjects had been probed three times to explain their strategy for assigning choice shares. Each of the questions was content coded by a judge who was not familiar with the experimental hypotheses and did not know the condition to which the subjects had been assigned. Every answer was coded for the mentioning of similarity.

The first question asked subjects to describe their overall strategy. A majority of the subjects focused their responses on the reasons why they gave the highest share to the leader brand (brand awareness, prior use, known quality, etc.). Only 11 of 110 subjects mentioned similarity as part of their answer, 6 of whom preferred the copycat over the differentiated follower, and 4 of whom preferred the differentiated follower over the copycat. When asked to describe the purpose of the experiment, only 2 subjects referred to the similarity between the copycat and the leader. Both preferred the copycat over the differentiated

follower, but the results did not change when the analyses were repeated without these subjects.

TABLE III-4

RELATIONSHIP BETWEEN MENTIONING SIMILARITY TO THE LEADER AFTER EXPLICIT PROBING AND PREFERENCE FOR OR AGAINST THE COPYCAT.

	Differentiated follower preferred	Indifferent	Copycat follower preferred
Mentioned similarity when asked about the role of the package	8 21%	15 39%	15 39%
Did not mention similarity when asked about the role of the package	16 22%	31 43%	25 35%

Finally, the subjects were probed to explain the way in which they took into account the package appearance of the brands. The question of interest was whether reference to the leader-brand similarity as part of the answer was

systematically related to the choice of the copycat over the differentiated follower. Table III-4 shows the relevant frequencies and percentages. Thirty-eight subjects mentioned similarity to the leader as something they took into account. However, there appears to be no systematic relationship between this measure and choice ($X^2 = 0.26$, ns).

The answers to the three questions were combined to differentiate subjects who mentioned similarity from those who did not. Results show that of the 44 subjects who alluded to similarity, 17 preferred the copycat and 11 preferred the differentiated follower. Of the 66 subjects who did not mention similarity, 23 preferred the copycat and 13 preferred the other follower. Again, there is no systematic relationship between mentioning similarity and choices for or against similarity ($X^2 = 0.97$, ns). The same analysis was performed on the ranking measure, on which even indifferent subjects had to indicate a preference. Here the majority of those who did mention similarity preferred the differentiated follower to the copycat, although the reversal is not statistically significant ($X^2 = 2.52$, $p>0.10$.). The results are summarized in Table III-5.

TABLE III-5

RELATIONSHIP BETWEEN MENTIONING SIMILARITY TO THE LEADER AT ANY OCCASION AND PREFERENCE FOR OR AGAINST THE COPYCAT.

	Differentiated follower preferred	Indifferent	Copycat follower preferred
did mention similarity	11 25%	16 36%	17 39%
did not mention similarity	13 20%	30 45%	23 35%
Ranking data - Forced Choice			
did mention similarity	24 55%		20 45%
did not mention similarity	25 39%		39 61%

Discussion

In Experiment 1 the visual similarity of one of the followers to the leader was so obvious that it would be difficult for the subjects to ignore. Still, if subjects considered the appearance as uninformative, it should not

affect the choice shares assigned to the followers. However, results showed that a price difference in favor of the followers selectively affected choices for the copycat follower; the differentiated follower did not benefit.

There are two reasons why these results are inconsistent with a demand explanation for the similarity effect. First, a simple demand explanation fails to account for the interaction between price and similarity; demand would show as a mere main effect of similarity. Second, subjects did not appear to pay much attention to the products' visual appearance. Those who did claim to attend to appearance did not systematically favor the copycat over the differentiated follower. When indifferent subjects were forced to choose between the two followers, a slight majority of those who alluded to similarity actually tended to prefer the differentiated follower over the copycat.

Any other explanation that predicts an undifferentiated positive or negative effect of similarity is also made less likely by these results. In particular, the results show that an extension of the observation by Carpenter and Nakamoto (1989, 1990) that similarity hurts an undifferentiated follower even when the price is lower does not simply generalize to the case of visual similarity. A follower brand of an established leader is not necessarily at an advantage by differentiating itself from the leader brand. Within these choice sets at least, a beneficial effect of similarity was observed. A copycat benefited more

from a price differential with the leader than did an equally unknown but visually differentiated follower.

The fact that similarity did not emerge as a mere main effect is consistent with other results showing a similarity effect in choice and evaluation tasks. Consistent with Tversky and Russo (1969), Rumelhart and Greeno (1971), and Mellers and Biagini (1994), subjects acted as if the price differential with the leader became a more diagnostic attribute when the similarity to the leader was high. However, there are also important differences with these classic choice studies. First, in these studies the interaction between similarity and the size of a diagnostic attribute was obtained in binary choices. A similar effect in the current trinary choice situation suggests that subjects assigned choice shares to the followers by comparing each follower to the leader brand, rather than merely comparing them to each other. Second, while in all those other studies the similarity was defined in terms of decision relevant attributes, the same effect was obtained in the present study when the similarity was merely visual. An unanswered question is why subjects did not systematically counterargue the use of blatant visual similarity as would be predicted by a "schemer schema" model. Possible boundary conditions on the likelihood of counterarguing are investigated in Experiments 2 and 3.

EXPERIMENT 2 : INFORMATION AVAILABILITY AS A BOUNDARY CONDITION TO THE VISUAL SIMILARITY EFFECT.

Experiment 2 investigates whether the lack of critical consideration of the visual package similarity was dependent on the presence of verbal product information as part of the descriptions of the choice alternatives. From prior research one could infer three possible ways in which the presence of verbal information may influence the appearance of a visual similarity effect. First, the ambiguous verbal information may have allowed the subjects to justify their initial impression of the copycat brand as similar to the leader through confirmatory search or interpretation. Similar results have been obtained in various persuasion and social inference studies (Darley and Gross 1983; Hoch and Ha 1986; Yzerbyt, Schadròn, and Leyens 1994). In this case, removing the verbal information would reduce the opportunity to confirm or justify. Subjects might not be willing to assume similarity of the products based on the mere similarity of appearance. If the reasoning process of the subjects is consistent with this hypothesis, removal of the verbal information should weaken or remove the similarity effect found in Experiment 1.

Second, the presence of this information and its apparent relevance to the task may consume too many

resources to enable counterarguing of the visual similarity strategy of the follower brand. If subjects spontaneously examine the underlying motivations of the marketer while processing a marketer provided signal (Wright 1986; Friestad and Wright 1994), the removal of attention consuming but objectively undiagnostic information would free up resources for the subjects to engage in critical consideration of the marketer strategy. Assuming that such a consideration would yield negative thoughts, it could be predicted that the similarity effect would be reduced or even reversed.

Third, it is possible that the subjects considered the visual similarity as just one cue to product similarity and that questioning the validity of that cue would not occur spontaneously under any circumstances. This would mean that consumers' thought processes when considering choices such as the one in Experiment 1 are simpler than is assumed with the two previous hypotheses. Product similarity would be easily inferred from total similarity as a function of common and distinctive cues without distinguishing those cues with respect to their validity for making an informed choice. Removing the verbal information might simply remove a superficially differentiating source of information, increase the similarity between the copycat and the leader (e.g., Tversky 1977), and strengthen the similarity effect.

The objectives of Experiment 2 were twofold. First, it is desirable to ensure that the effect found in the first experiment is replicable. Second, it was tested whether the

copycat effect is dependent on the presence of additional descriptive information. Specifically, the presence of verbal information was manipulated as a between-subjects factor to investigate its effect on the occurrence of the similarity effect. For one half of the subjects the stimulus set was identical to that in the previous experiment; for the other half the verbal product information was removed.

Method

The procedure for Experiment 2 was almost identical to that of Experiment 1. Only the changes in comparison to the first experiment are described.

To reduce subject requirements, the choice set with ice cream brands was not used in Experiment 2.[1] For the same reason, only the "Same Price" and "Lower Price" conditions were run. Two levels of price still enable replication of the interaction between Price Level and Similarity found in Experiment 1.

All instructions and measures were identical to the ones used in Experiment 1. Each subject experienced two practice trials before allocating choice shares for one of

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[1] Although in Experiment 1 the number of observations in each product category as too small to allow separate analyses, the overall interactive pattern of result seemed weaker in the ice-cream category than in the other categories.

the experimental sets. Each cell in the 2 (Price Level) by 2 (Verbal Information) by 3 (Product Category) design was randomly assigned to groups ranging from 8 to 10 subjects. Brand identity of the copycat was rotated within product categories.

A total of 104 students from a Principles of Marketing class participated in the experiment in exchange for course credit.

Results

The results of the ANOVA on the choice shares can be found in Tables IV-1 and IV-2. The mean shares for the Verbal Information condition are in Table IV-1; the means for the No Verbal Information condition in Table IV-2.

The presence or absence of verbal information by itself did not affect choice shares, demonstrating that the verbal descriptions did not carry choice relevant information. Only a marginally significant main effect of Package Similarity ($F(1, 2) = 22.28$, $p<0.10$) and a significant Package x Verbal Information interaction were found ($F(1,2) = 152.53$, $p<0.001$).[2]

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[2] Because Category is treated as a random factor, as in Experiment 1, the relevant error terms for the main effects and interactions involving only the fixed effect factors are tested with the effect's interaction with Category as the relevant error term. Due to the limited number of categories used in this experiment the critical F-value necessary to label an effect as significant is extremely

TABLE IV-1
AVERAGE CHOICE SHARES FOR THE THREE ALTERNATIVES
IN EXPERIMENT 2 - CONDITION WITH VERBAL INFORMATION.

	Leader	Visually differentiated Follower	Copycat Follower
Followers are priced the same	74.5	13.2	12.3
Followers are less expensive	67.7	12.5	19.8
Average across price conditions	70.15	13.20	16.65

Simple effects tests show that the difference between the copycat and the differentiated follower is statistically significant only when verbal information is absent (F(1, 2)

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high. In hindsight this could have been avoided by adding more categories, although the supply of usable categories was very limited. Under a fixed effects model with the same independent variables, the main effects of Package Similarity, Verbal Information, and both the Verbal Instruction x Similarity and Price x Similarity interactions are significant.

= 41.53, $p<0.05$) but not when it is present ($F(1, 2) = 4.84$, ns). However, both conditions show similar patterns.The three-way interaction between Price, Similarity and Verbal Information was not significant ($F(1,2) = 0.47$), nor were any of the other effects in the model.

TABLE IV-2
AVERAGE CHOICE SHARES FOR THE THREE ALTERNATIVES IN EXPERIMENT 2 - CONDITION WITHOUT VERBAL INFORMATION.

	Leader	Visually differentiated Follower	Copycat Follower
Followers are priced the same	76.1	9.5	14.4
Followers are less expensive	66.6	7.2	26.2
Average across price conditions	71.5	8.4	20.1

Categorical analyses identical to those in Experiment 1 were conducted. The results corroborate those of the analysis of variance on the choice shares and show that the effect is not due to a few individual outliers. The significantly different intercept reveals an effect of similarity ($X^2 = 7.83$, df=1, $p<0.01$) and a marginally

significant effects of Price Level (X^2 = 3.68, df=1, p<0.06) and Verbal Information (X^2 = 3.41, df=1, p<0.07). Table IV-3 reports the number of subjects who preferred the differentiated and the copycat follower, and how many were indifferent.

The post-experimental questionnaire for Experiment 2 was identical to that of Experiment 1. The same content analysis was conducted to investigate whether the preference for the copycat over the differentiated follower was systematically related to the explicit referral to similarity by the subjects. The absence of such a systematic relationship would be difficult to reconcile with a demand explanation for the results.

Only 15 of the 104 subjects spontaneously mentioned similarity as part of their answer to the initial open-ended strategy question. Seven of these subjects preferred the copycat over the differentiated follower, whereas 6 allocated their choice shares in the opposite manner. Just as in Experiment 1, these figures likely underestimate of the total number of people who attended to the visual similarity; nonetheless but it is difficult to understand why those who did not mention similarity would make systematically different choices from those who did.

TABLE IV-3
FREQUENCY OF INDIFFERENT RESPONSES AND PREFERENCES FOR THE COPYCAT OR THE DIFFERENTIATED FOLLOWER AS A FUNCTION OF PRICE AND THE PRESENCE OF VERBAL INFORMATION IN EXPERIMENT 2

	Preferred other follower	Indifferent	Preferred copycat
Verbal information			
Followers are priced the same	8	8	10
Followers are less expensive	8	8	12
No verbal information			
Followers are priced the same	7	9	10
Followers are less expensive	1	8	15

Only one subject referred to similarity in the demand awareness question. She was indifferent between the two followers. The third question asked specifically for usage of package appearance in the choice allocation decision. Forty-four subjects mentioned similarity to the leader in some form, 12 of whom (27%) opted for the differentiated follower and 20 of whom (44 %) preferred the copycat. The corresponding frequencies in the group that did not mention similarity were 11 (20%) and 27 (45%). There was no systematic relationship between the variables, which is inconsistent with a demand explanation.

Discussion

Because the higher price condition was removed in this experiment the significant main effect of similarity should not be surprising. Although the presence of a main effect might argue in favor of a demand explanation, the analysis of the subjects' cognitive responses suggests that this is not the case. If demand would drive the effect, one would expect subjects who mention similarity as a consideration in their choice to prefer systematically the copycat. The responses did not reveal differences in attention to visual similarity between those who preferred the copycat to the differentiated follower and other subjects.

The Price x Similarity interaction found in Experiment 1 was not replicated here, at least not under a model that

treats Product Category as a random effect. On the other hand, the pattern of results in both conditions does conform to that in Experiment 1.

The results favor a relatively simple causal explanation of the visual similarity effect. Removing the verbal information from the descriptions of the choice alternatives strongly increased the attractiveness of the copycat relative to the differentiated follower. This result contradicts two of the three theoretical viewpoints outlined at the beginning of this chapter.

Specifically, preference for the copycat does not seem to be due to a lack of counterarguing. In that case, removing the verbal descriptions would have reduced the similarity effect. Nor is the effect likely to be due to subjective confirmation or preference justification found in the ambiguous verbal descriptions. In that case the effect also would have been reduced by removing the verbal descriptions.

Rather it seems that a more basic thought process was operative. A superficially differentiating cue was removed, which may have increased the similarity between the copycat and the leader in terms of common and distinctive features (Rosch 1978, Tversky 1977). Although they were designed to convey exactly the same message, the attribute descriptions used in the Verbal Information condition were not literally identical. As can be seen in Appendix A, the attributes were presented in different orders and wordings with

slightly different shades of meaning were used. For someone who examines the information only superficially the verbal descriptions may have the appearance of differentiating information rather than information confirming the similar positioning of all the alternatives. When less superficially differentiating information is present, subjects are more likely to assume that the copycat and the leader are indeed similar products and therefore similarly attractive. This result is conceptually similar to a "dilution effect" (Nisbett, Zukier, and Lemley 1981); an initial impression is weakened due to the presence of superficially differentiating information.

It seems worthwhile to investigate under which circumstances subjects would be more likely to counterargue the similarity strategy. Under which circumstances do subjects use their "persuasion knowledge" (Friestad and Wright 1994) to make inferences about the marketer's reason behind the use of visual package similarity as a persuasive cue? Conceptually similar research on the impact of warranties and perceived advertising cost on product preference has consistently found that subjects use this knowledge to make inferences about the validity of such cues, and form their preferences (Boulding and Kirmani 1993; Kirmani and Wright 1989, Kirmani 1990).

One critical difference between the studies just cited and the first two experiments reported here is that subjects in prior experiments routinely received explicit additional

information indicating that a cue might be valid or invalid. Such information was absent in Experiment 1 and Experiment 2. In general, research on impression formation has found that acceptance of a suggestive cue depends on the perceived applicability of the cue to the target stimulus (Herr, Sherman, and Fazio 1983; Higgins et al. 1977), which is in turn dependent on how the target stimulus is categorized. It might be the case that subjects counterargue the copycat strategy when there is a more obvious indication that the copycat cannot be categorized as identical to the leader. Experiment 3 examines the effect of a difference in positioning as one such cue.

EXPERIMENT 3 : POSITIONING DIFFERENCE AS A BOUNDARY CONDITION TO THE VISUAL SIMILARITY EFFECT.

In Experiment 1 a Price x Similarity interaction suggested that visual similarity increased the diagnosticity of a given price difference with the leader brand. In Experiment 2, the same data pattern was found, although the interaction did not reach statistical significance. The similarity effect was stronger when the choice alternatives were not accompanied by verbal product information. The question remains why subjects did not counterargue the similar appearance itself.

From a "persuasion knowledge" or "schemer schema" perspective these results suggest either that mere--even blatant--similarity between copycat and leader does not by itself raise questions about its appropriateness, or that subjects in the previous experiments did consider the marketer intent behind the copycat strategy but instead interpreted it as a sincere signal of underlying similarity in benefits (Boulding and Kirmani 1993; Kirmani 1990; Kirmani and Wright 1989; Schul 1993). Experiment 3 explores this issue further by providing half of the subjects an explicit reason to believe that generalizing from the copycat's similar appearance would be inappropriate. For these subjects the copycat brand was a visual copy of a

leader that was unambiguously positioned as part of a different subcategory. For the other half of the subjects the appearance and positioning of the copycat were consistent with each other. The purpose of the experiment was to test whether the presence of such an explicit cue would reduce the attractiveness of the copycat brand.

Method

Due to the difficulty of obtaining stimuli that met the necessary requirements, only one product category was used in this experiment. Subjects had to provide choice shares for a set of four brands of laundry detergent. The category was chosen because it allowed a clear positioning of the alternatives as either "powerful" or "gentle." In the local market two brands were clearly positioned on softness and gentleness: "Ivory Snow" and "Dreft." Both are explicitly positioned, through appearance and verbal labeling, as detergents for baby clothes. To determine which brand is associated most with gentleness, a small focus group was run. Eight participants, three women and five men, were asked first to write down all laundry detergent brands that were associated with softness and gentleness. Ivory Snow was mentioned by two participants, three mentioned "Ivory." When shown the two brands, both were recognized and participants remembered seeing them in the store. Both were associated strongly with babies and the benefit of

gentleness. The group unanimously chose Ivory Snow as better known than Dreft. Ivory Snow therefore was selected as the "gentle" leader brand.

The stimuli for Experiment 3 are presented in Appendix D. The choice sets consisted of four brands. Tide was selected as a known cleansing brand; Ivory Snow was the known gentle brand. The two follower brands always were positioned as "gentle" brands, similar to Ivory Snow. The verbal brand descriptions were adapted to reflect these unambiguous positionings. For half of the subjects the copycat was a copy of Ivory Snow, consistent with its positioning. For the other half it was a copy of Tide, inconsistent with its positioning. In the choice Tide was always placed on the left, Ivory Snow on the right and the two followers in the middle. The leader and the copycat were always separated by the differentiated follower.

Just as in Experiment 2, for half of the subjects all prices were equal and whereas for the other half the followers were 20% less expensive. Brand identity of the copycat was rotated such that for half of the subjects the copycat was "Prime," while for the other half the copycat was "Sun."

The experimental procedure was identical to the one used in the two previous experiments, except that 90 seconds were allowed for the inspection of the experimental choice set. Each of the eight cells in the Price by Consistency of Appearance by Rotation matrix was randomly assigned to

between 11 and 13 subjects. After the measurement of the main dependent variables, subjects were asked to rate the visual attractiveness of each brand. Then measures were taken for brand and category knowledge were taken after which subjects were asked to describe the hypothesis tested in the experiment. The final 62 subjects (out of a total of 97) were asked to describe how they decided to allocate shares to Prime and Sun. They were asked explicitly to mention any difference between the two brands that might have influenced them to assign different weights. All 97 subjects were students from a Principles of Marketing class participating in the experiment in exchange for extra course credit.

Results

Potential covariates were the visual attractiveness scores for both follower brands, the rated familiarity with both brands and with the category, and the motivation ratings. All were subjected to an ANOVA with Price, Consistency of Appearance, Copycat Identity, and Brand as independent variables. The attractiveness of copycat and differential appearances was not rated differently, nor were any of the other main effects or interactions significant for any of the variables. Only the ANOVA results are reported below.

TABLE V-1

AVERAGE CHOICE SHARES FOR THE FOUR ALTERNATIVES IN EXPERIMENT 3 - COPYCAT APPEARANCE IS CONSISTENT WITH ITS POSITIONING.

	Tide	Ivory Snow	Gentle Follower Visually Differen-tiated	Gentle Follower Copycat of Ivory Snow
Followers are priced the same (n=23)	55.2	24.4	10.3	12.1
Followers are less expensive (n=25)	42.4	24.4	15.8	17.4

The results on the main dependent variable are presented in Tables V-1 and V-2. Table V-1 reports the average choice shares in the consistent appearance condition, in which Ivory Snow was the copied leader. Table V-2 reports the average choice shares in the inconsistent appearance condition, in which Tide was the copied leader. The choice shares of the two leaders are added for completeness. The data are analyzed as a Similarity x Price Level x Consistency of Appearance x Brand Rotation mixed effects design, with all factors fixed.

TABLE V-2
AVERAGE CHOICE SHARES FOR THE FOUR ALTERNATIVES IN EXPERIMENT 3 - COPYCAT APPEARANCE IS INCONSISTENT WITH ITS POSITIONING.

	Tide	Ivory Snow	Gentle Follower Visually Differen-tiated	Gentle Follower Copycat of Tide
Followers are priced the same (n=25)	57.0	19.5	10.9	12.6
Followers are less expensive (n=24)	44.2	18.8	15.0	22.0

The analysis only revealed main effects for Price Level ($F(1, 89) = 6.19$, $p<0.02$) and Similarity ($F(1, 89) = 4.67$, $p<0.05$). Choice shares were higher when the followers were lower priced and when the copycat outperformed the differentiated follower. The effect of similarity was not reduced by the inconsistency between appearance and positioning. An examination of the means in Tables V-1 and V-2 actually suggests that the positive impact of visual similarity was somewhat stronger when the "gentle follower"

took on a Tide appearance than when it took on an Ivory Snow appearance.

The categorical analysis corroborated these findings. Only the intercept was significant when the groups choosing the copycat and the differentiated follower were compared, indicating a main effect of similarity ($X^2 = 5.79$, df=1, $p<0.02$).

The original post-experimental questionnaire only had a question testing for demand. A new question, asking subjects to explain why the choice share for the two brands was either the same or different was added for the final 62 subjects. The demand awareness question produced results consistent with the previous experiments. Four subjects mentioned similarity. One subject preferred the copycat follower, two preferred the differentiated follower, and one was indifferent between the two options.

The answer to the new question was coded for whether subjects mentioned the packaging as a reason to discriminate between the two followers. Eleven subjects mentioned the package attractiveness as the reason; ten referred to similarity.[1] Of those 21 subjects, 9 opted for the copycat and 11 opted for the differentiated follower. Even if

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[1] The remaining 43 subjects mentioned either that they had not differentiated between brands, or referred to elements that had been controlled for by counterbalancing, such as the attribute information or the likeability of the brand name.

attractiveness responses are considered as implicitly referring to similarity, there seems to be no evidence of a systematic bias for the copycat among those who attended explicitly to the package.

Discussion

In Experiments 1 and 2 it was surprising that so few subjects actually counterargued the blatant similarity between the copycat and the leader. Experiment 3 was designed as a further test of the interaction found in Experiment 1. In addition the experiment tested whether explicitly positioning the leader and the copycat as different kinds of products would facilitate counterarguing.

The results show a consistent effect of similarity, but only as a main effect. Because package similarity did not interact with another experimental factor, demand cannot be excluded as a possible explanation for the results. On the other hand, the cognitive response analysis suggests that the positive effect of similarity is not due to a systematic strategic bias in favor of the copycat.

In hindsight, the lack of an effect of the positioning manipulation is consistent with the post-hoc explanation of the results of Experiment 2. Subjects in both experiments seemed to have ignored the product information and based their responses on the similarity of the packaging. This indicates that, although subjects uniformly reported high

motivation levels, actual involvement with the task may have been very low. It would be consistent with the existing body of results in persuasion research that, under low involvement conditions, subjects are not willing to do much thinking of any kind. The subjects did treat similarity to the leader packaging as a diagnostic cue, but they did so in a very "peripheral" way. Higher levels of involvement would be necessary both for producing the interactive similarity effect and for counterarguing the marketer's similarity strategy. The next chapter reports a final attempt to replicate the earlier findings in a situation in which involvement should be much higher.

EXPERIMENT 4 : SIMILARITY CONTRASTED WITH AN EXPERIENCED QUALITY DIFFERENCE BETWEEN FOLLOWER BRANDS.

Experiment 3 does not allow the conclusion that providing diagnostic information about the inconsistency between appearance and identity of the brand reduces the preference for similar over dissimilar followers. The final experiment represents another attempt to answer the same question. This experiment assesses also whether the provision of diagnostic information about the lack of validity of the visual similarity lowers the perceived diagnosticity of package similarity. However, the question was addressed in a slightly different way in Experiment 4.

First, diagnostic information was not provided verbally but by means of actual product experience through a taste test. Diagnostic product experience should allow the subjects to correct for any false similarity impression and therefore should be more powerful than the verbal positioning statements used in Experiment 3. Previous research has shown that direct experience has higher subjective diagnosticity than persuasive cues (see Hoch and Deighton 1989). If subjects in Experiment 3 relied on similarity because the diagnostic evidence against using it was not sufficiently strong, this experiment should provide a better opportunity for subjects to behave differently. In

Experiment 4, subjects were given information about three brands of potato chips. The three brand names and the accompanying verbal information were identical to the stimuli used in Experiment 1 and in the Verbal Information condition of Experiment 2. For each of the brands subjects also received a sample of chips to taste. For the leader brand, Lays, and one of the followers, Smith's, the taste sample consisted of actual Lays chips. For the other follower, Herr's, the sample consisted of chips taken from a local store brand. The "Herr's" sample was inferior in quality to the Lay's sample.[1]

A second departure from the previous experiments was the use of a between-subjects design. Each subject tasted the same three "brands," but for half of the subjects the inferior brand Herr's was shown in its original package while for the other half the Herr's package was a visual copy of the Lay's brand. The appearance of the Lay's and Smith's packages remained constant across all conditions. Smith's was shown in its "original" package, as in previous experiments. Experiment 4 therefore pitted an objective

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[1] The "Herr's" potato chips were actually a "Pic and Save" store brand. It was selected by a convenience sample of graduate students and administrative personnel as unambiguously inferior to Lays. No systematic pretesting was performed. However, the No Similarity control conditions reveal that the taste manipulation was successful.

quality difference against similarity of appearance. Evidence for a copycat despite the presence of a diagnostic taste difference would be found when the low quality brand Herr's is chosen more in the copycat condition than in the visually differentiated condition. If that is the case, subjects do not counterargue the similarity strategy as a result of inconsistent experience.

Persistence of the copycat effect despite product experience is directly relevant to the success potential of copycats in the marketplace. If copycat appearance would sensitize consumers to quality differences, copycats would probably not be viable on the market even if they would entice consumers to a trial purchase.

Method

The first part of the experimental procedure was identical to that of the previous experiments, except that the experimenter's oral instructions emphasized that subjects should not talk and preserve a "poker face" and not converse during the procedure. Subjects viewed a sheet with a picture of the packages of the Lay's, Smith's, and Herr's brands. Herr's was objectively inferior in taste quality to Lay's and Smith's, which were identical. For half of the subjects, Herr's had a differentiated package from the

leader. For the other half it was a copycat of the Lay's brand[2]. For half of the subjects the prices of the followers were identical to the price of the leader brand. For the other half the follower prices were 20% cheaper.

After examining at the information for 1 minute, the subjects were allowed to taste the Herr's sample. After approximately 30 seconds they were asked to take a sip from a cup of water on their desk. The same procedure was repeated for the Lay's and Smith's samples.[3] During the taste test process the booklet with product and package information remained open on the subjects' desks.

After subjects took a last sip from the water, they were asked to provide answers to the dependent measures, which were identical to those in the previous experiments. Subjects subsequently turned to a short post-experimental questionnaire in which they were first asked to rate the taste quality of each brand. Then they rated their own familiarity with the product category and the leader brand. All ratings were provided on 11 point scales ranging from 0 to 10. Finally they were asked the same two demand awareness questions used in Experiment 3.

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[2] The "Lower Price" version of each stimulus is presented in Appendix E.

[3] Pilot testing had indicated that allowing subjects to sample the products together made it too obvious that Smith's was superior to Herr's.

Ninety subjects participated in Experiment 4 and received extra credit for a marketing class. Each cell in the between-subjects Package Similarity by Price design was randomly assigned to between 21 and 24 subjects.

Results

Overall, the superior follower brand Smith's was rated higher than the inferior brand Herr's ($F(1, 85) = 8.17$, $p<0.01$). Apparently, the taste quality manipulation was successful.

An ANOVA on the attractiveness ratings for the Herr's brand revealed an effect of the Package Similarity manipulation. On a scale from 0 to 10 the copycat package was rated more attractive (5.72) than the differentiated Herr's package (4.61; $F(1, 86) = 5.26$, $p<0.05$). The motivation and familiarity measures did not differ between conditions.

To examine the potential mediating role of perceived attractiveness, the rated attractiveness of Herr's was entered as a covariate in all analyses. It did not affect any result. Only the ANOVA and categorical analysis results are reported below.

Table VI-1 shows the average Smith's and Herr's choice shares in each condition. The price difference between the same price and the lower price conditions added approximately 18% to the assigned choice shares. Visual

package similarity added another 7%. An ANOVA with Herr's choice share as a dependent variable revealed only the anticipated significant effect of Price Level ($F(1, 86) = 3.47$, $p<0.07$). The main effect of Package Similarity and its interaction with Price Level were not significant. On the other hand, the similarity effect favored the copycat, consistent with the results of the previous experiments. Although the share advantage of the superior brand was statistically significant when both follower packages were differentiated ($F(1,45) = 5.84$, $p<0.05$), it was not significant when the inferior brand was a copycat ($F(1,43) = 0.62$). These results indicate that even when the copycat was objectively inferior to the other brands in the choice set, its copycat appearance was not interpreted negatively.

In parallel categorical analyses only the quality difference between the two followers had an impact, as reflected in a significant intercept ($X^2 = 7.95$, df=1, $p<0.01$). No other effect was significant.

TABLE VI-1

AVERAGE CHOICE SHARE FOR SMITH'S AND HERR'S AS A FUNCTION OF PRICE AND PACKAGE SIMILARITY IN EXPERIMENT 4.

	Herr's package differentiated from Lay's		Herr's package visually similar to Lay's	
Followers are priced the same	Smith's 32.7	Herr's 10.8	Smith's 38.0	Herr's 17.5
Followers are less expensive	Smith's 39.5	Herr's 28.4	Smith's 29.0	Herr's 36.0
Average across price conditions	Smith's 36.0	Herr's 19.2	Smith's 33.3	Herr's 27.2

Forty-four subjects viewed a choice set with a copycat brand. On the open ended demand awareness question, 9 subjects referred to the visual similarity between the copycat and the leader. Four opted for the copycat, 1 was indifferent, and 4 opted for the other follower. The other open ended question asked subjects to indicate on which

basis they had made their choice between the copycat and the differentiated follower.[4] Of the 38 who mentioned either similarity or attractiveness, 14 favored the copycat, while 24 subjects opted for the differentiated follower.As in the previous experiments, the post hoc cognitive responses did not reveal any evidence of a systematic bias to choose the copycat over the other follower by those who explicitly concentrated on the visual similarity.

Discussion

In this experiment, copycat appearance continued to have a positive effect on the choice probability of a follower brand, even if that follower was objectively inferior in quality to the other brands in the choice set. Subjects preferred the superior follower over the inferior follower in a control condition where both brands were visually differentiated from the leader. Obviously the quality difference proved large enough to affect choice. When the inferior follower took on a copycat trade dress, subjects did not counterargue. Instead, the copycat trade dress reduced the diagnosticity of the quality difference.

These results demonstrate the robustness of the copycat effect. Subjects do not go as far as relying on the visual

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[4] The actual question only referred to "Smith's" and "Herr's".

appearance instead of on the taste quality, but the impact of the taste quality difference was considerably reduced by copycat packaging.

One complication in these results is that not only the copycat trade dress reduced the diagnosticity of the quality difference, but also the price decrease itself. The low quality brand increased its share asymmetrically with a price decrease in both similarity conditions. At the lower price, quality differences seem to matter less than at a higher price, regardless of what the products look like. This indicates that price is a more powerful cue to quality than appearance (Dawar and Parker 1994) even when it is pitted against actual quality differences.

GENERAL DISCUSSION

The series of experiments presented in this dissertation consistently found a positive effect of copycat appearance on the choice share allocated to a follower brand of an established leader. Experiment 1 found that a copycat follower benefited more from a price difference with the leader than a visually differentiated but otherwise identical follower. Experiment 2 showed that the positive effect of similarity was not reduced when the opportunity to counterargue the similarity strategy was increased by removing superficially differentiating verbal information from the alternative descriptions. In Experiment 3, the copycat effect persisted when the copycat was unambiguously described as providing different benefits than the leader brand. In Experiment 4 the effect even survived diagnostic experience that unambiguously revealed the copycat to be inferior to the leader brand and the differentiated follower.

Below, the current results are compared to prior studies. Then the limitations of the current studies are discussed with suggestions for further research.

Comparison to Other Studies

Ward, Hinkle, Loken and Hasapopoulos (1986)

These results complement the studies by Ward et al. (1986) and others who found positive copycat effects but for the first time show the causal relationship between visual similarity to a leader and relative preference. In the current studies the similarity effect persisted when similarity was manipulated orthogonally to brand identity and product attribute information. In the Ward et al. (1986) study other similarities between the products may have driven the effect.

Carpenter and Nakamoto (1989)

The results of the studies in this dissertation argue strongly against the interpretation of the copycat effect provided by Carpenter and Nakamoto (1989) who found that follower brands are worse off the more similar they are to a pioneer brand.

It should be noted that the studies reported here are not directly comparable with those by Carpenter and Nakamoto. First, Carpenter and Nakamoto manipulated similarity of attribute descriptions instead of visual similarity. Their similarity manipulation was intended to be one of positioning similarity, not of similarity of appearance. Their conclusions about the disadvantages of

copying refer to copied positionings of me-too brands. They make no claims about the use of visual similarity when the followers are already positioned like the leader. On the other hand, Carpenter and Nakamoto's experimental manipulations and results may not be entirely consistent with their theorizing. They found the effect only when the the attribute information describing the choice options was ambiguous. When subjects do not know how to evaluate product attributes (e.g., they do not know whether high or low levels of the attribute should be positively evaluated) similarities between alternatives are likely to be processed at a very superficial level. Assuming that there is no fundamental difference between verbal and visual processing at the level of cognitive functioning that is of interest here, it is questionable whether the similarity manipulation in their study is conceptually different from ours.

Future research will have to indicate whether Carpenter and Nakamoto's manipulations did reflect the constructs they wanted to operationalize. If in both my and their studies superficial similarity was operationalized, then a joint explanation is possible for the similarity by price interaction. If similarity based inferences are evaluatively neutral, the direction of the copycat effect depends on the interpretation of the remaining differences between the leader and the copycat. The product categories used in their experiments were unfamiliar durable goods (financial software programs and quilts) and the price

differences were considerable (approximately 40%). Under these conditions strong price-quality inferences are intuitively likely. In the studies reported here familiar nondurable categories were used, and the price differences were small (20%). If this interpretation of Carpenter and Nakamoto's data is correct both sets of results would be consistent with the hypothesis that similarity between the leader and the follower brand in a product category increases the importance of diagnostic differences between both. The same difference then affects the similar follower more than the differentiated follower.

However, this post-hoc explanation can not account for the opposite main effects of similarity in both studies. To the extent that their negative effect of similarity can be considered a form of "contrast effect" and the positive effect in the current studies as an "assimilation effect" it would be useful to explore further the circumstances under which each of these processes will occur.

Limitations

These studies only show that copycats may be viable competitors on the market. They do not demonstrate, and were not designed to demonstrate, that the leader brand itself is damaged by the introduction of copycats more than by other followers. Rather than harming the leader brand copycats might gain share over other followers that do not

use the strategy. Future research needs to examine both possibilities by using between subject designs in which choice proportions from the same choice sets are compared in the presence and absence of a copycat. Such research would correspond to a test of whether the "attraction effect," in which an existing brand increases its share when an asymmetrically dominated alternative is added (Huber, Payne, and Puto 1982), persists when the added alternative is a visual imitation of the leader.

The studies are also not conclusive with respect to the manner in which visual similarity influences the choice process. Experiment 1 found an interactive effect of similarity with the price level of the followers such that similarity was only a benefit when the followers were cheaper than the leader. The other experiments were more compatible with a main effect of copycat appearance on the likelihood that the copycat is chosen. It should be noted, however, that these hypotheses are not mutually exclusive. For comparisons that are strictly among followers, similarity to the leader may have an effect regardless of whether other information, differentiating the followers from the leader, is available. For pairwise comparisons between the leader and each follower, the perceived diagnosticity of any difference between the leader and the followers may be stronger in the case of a copycat follower than in the case of a differentiated follower. The nature of the effect may therefore depend on the way in which the

decision maker samples information from the choice set. Future research could examine whether the design of the choice environment (cf. Simonson, Nowlis, and Lemon 1993) can influence whether similarity effects are additive or interactive with other cues. When the choice environment is designed such that comparisons between the copycat and the leader are invited, an interactive effect would be expected by which the copycat gains at the expense of other followers in the choice set.

The finding that copycat effects can be positive confirms the position taken in many consumer behavior textbooks, although the current studies do not address the associative learning mechanism those textbooks assume to be responsible for the effect. It is possible that, over time, consumers learn to associate the visual appearance of the leader brand with the benefits it provides and gradually generalize those benefits to similarly looking products. However, the current results are also compatible with the hypothesis that no such learning takes place, and that the effects are due entirely to inferences made during the choice process. In all four experiments described here, both the copycat and the copied leader were always present in the choice set. The associative learning hypothesis would be supported if copycat effects were found in cases in which the leader is not in the choice set and it could be demonstrated unambiguously that the effect is not due to explicit retrieval of the leader brand name (cf. Gordon and

Holyoak 1983). A more likely explanation for the effect would be that the consumer recognizes the similarity between the leader brand and the copycat brand and applies the simple heuristic rule that "Things that look the same, must work the same" (cf. Eagly and Chaiken 1993). If the proponents of exemplar-based models of judgment (Kahneman and Miller 1986; Smith and Zarate 1992) are correct, such a general rule must be salient across many life domains. The results of the studies reported in this dissertation support the intuition that such a rule is used indiscriminately in situations where it does not apply, and that it constitutes a more accessible base of judgment than considerations based on persuasion knowledge.

APPENDIX A
EXPERIMENTAL TRIADS USED IN EXPERIMENT 1

This Appendix contains the stimulus sets used in Experiment 1. Only the "Lower Price" version of each choice set is included. The same choice sets were used in the "Same Price" and "Higher Price" conditions. For each category there were two brand rotations. The product categories were potato chips (page 85 and 86), laundry detergent (page 87 and 88), spaghetti (page 89 and 90), and ice cream (page 91 and 92). The "Verbal Information" condition of Experiment 2 was identical to Experiment 1, except that the Ice Cream stimuli were omitted. In the "No Verbal Information" condition the same stimuli were used, but the verbal product descriptions were removed.

$ 1.39

Lay's potato chips are always crispy and crunchy made with only pure vegetable oil and Idaho potatoes. They are bursting with more potato taste then any other brand, and contain absolutely no preservatives.
We are number one. Don't settle for anything less.

$ 1.12

For nearly half a century, Herr's has taken pride in bringing you the most natural, great tasting potato chips you can buy. Our chips are made from select Idaho potatoes, cooked in pure vegetable oil. Textured to perfection, Herr's golden brown chip is so good, no one can have just one.

$ 1.12

Smith's potato chips have a crisp, light texture with more crunch and flavor in every bite. At Smith's we choose only the finest Idaho potatoes. Cooked in pure vegetable oil, each chip turns out crisp and tasty. This slightly round potato chip might just be perfect.

P-A-L

$ 1.39

Lay's potato chips are always crispy and crunchy made with only pure vegetable oil and Idaho potatoes. They are bursting with more potato taste then any other brand, and contain absolutely no preservatives.
We are number one. Don't settle for anything less.

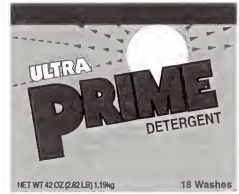
$ 1.12

Smith's potato chips have a crisp, light texture with more crunch and flavor in every bite. At Smith's we choose only the finest Idaho potatoes. Cooked in pure vegetable oil, each chip turns out crisp and tasty. This slightly round potato chip might just be perfect.

$ 1.12

For nearly half a century, Herr's has taken pride in bringing you the most natural, great tasting potato chips you can buy. Our chips are made from select Idaho potatoes, cooked in pure vegetable oil. Textured to perfection, Herr's golden brown chip is so good, no one can have just one.

P-B-L



$ 3.09

Ultra Tide detergent cleans your clothes like no other detergent. Each batch is carefully controlled to clean even the dirtiest clothes safely and effectively. We take pride in our products. What's more? Tide is pH balanced to not only clean thoroughly, but also protect your clothes from fading, stretching or shrinking.

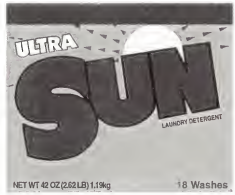
$ 2.48

Prime's 35 year tradition of quality has been unmatched by any competitor. For Ultra Prime we only use the safest cleaning agents to ensure that your clothes will be properly cleaned, without shrinking. The pH balanced formula dissolves the toughest stains and clean your clothes without stretching or fading.

$ 2.48

Ground-in dirt? Coffee stains? Dulling socks? No problem. Sun will take care of all your laundry needs. The pH balanced formula will solve all your cleaning problems. Each cup of Ultra Sun thoroughly cleans every garment, even the most delicate, without shrinking, fading or stretching. We created a new standard.

L-A-L



$ 3.09

Ultra Tide detergent cleans your clothes like no other detergent. Each batch is carefully controlled to clean even the dirtiest clothes safely and effectively. We take pride in our products. What's more? Tide is pH balanced to not only clean thoroughly, but also protect your clothes from fading, stretching or shrinking.

$ 2.48

Ground-in dirt? Coffee stains? Dulling socks? No problem. Sun will take care of all your laundry needs. The pH balanced formula will solve all your cleaning problems. Each cup of Ultra Sun thoroughly cleans every garment, even the most delicate, without shrinking, fading or stretching. We created a new standard.

$ 2.48

Prime's 35 year tradition of quality has been unmatched by any competitor. For Ultra Prime we only use the safest cleaning agents to ensure that your clothes will be properly cleaned, without shrinking. The pH balanced formula dissolves the toughest stains and clean your clothes without stretching or fading.

L-B-L

$ 0.63

Through the years, Mueller's has taken pride in providing you with 100% semolina pastas. When cooked al dente, our creamy light yellow spaghetti bounces to life. Mueller's is good for your body too. It has no artificial color, no sodium, and is low in cholesterol and saturated fats. Our top rated, mild tasting spaghetti will accent your meal any time of the day.

$ 0.49

In a tradition of excellence, our pasta is made with the finest ingredients. Each batch of Conte Luna is made with 100% seminola. It is the perfect pasta. It's salt free, low in cholesterol, low in saturated fats, and has absolutely no artificial color. Conte Luna pasta consistently ranks on top in consumer taste tests for texture and flavor. You can't go wrong with our pasta.

$ 0.49

Experience Luigi Vitelli's 100% seminola spaghetti quality and great pasta taste, free of artificial color. Top ranked among consumers, Luigi Vitelli compliments any meal with a flavor that is satisfying to the taste, yet mild enough to let your favorite sauce shine through. Each delicious bite is low in saturated fats and cholesterol, and contains absolutely no sodium.

S-A-L

$ 0.63

Through the years, Mueller's has taken pride in providing you with 100% semolina pastas. When cooked al dente, our creamy light yellow spaghetti bounces to life. Mueller's is good for your body too. It has no artificial color, no sodium, and is low in cholesterol and saturated fats. Our top rated, mild tasting spaghetti will accent your meal any time of the day.

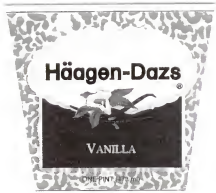
$ 0.49

Experience Luigi Vitelli's 100% seminola spaghetti quality and great pasta taste, free of artificial color. Top ranked among consumers, Luigi Vitelli compliments any meal with a flavor that is satisfying to the taste, yet mild enough to let your favorite sauce shine through. Each delicious bite is low in saturated fats and cholesterol, and contains absolutely no sodium.

$ 0.49

In a tradition of excellence, our pasta is made with the finest ingredients. Each batch of Conte Luna is made with 100% seminola. It is the perfect pasta. It's salt free, low in cholesterol, low in saturated fats, and has absolutely no artificial color. Conte Luna pasta consistently ranks on top in consumer taste tests for texture and flavor. You can't go wrong with our pasta.

S-B-L

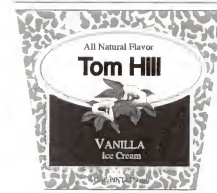


$ 2.79

For over a quarter of a century, Häagen-Dasz has taken pride in bringing you fresh, natural, great tasting ice cream. Häagen-Dasz Vanilla Ice Cream is a rich blend of whole milk, eggs, and organic vanilla beans. We use only the finest ingredients to ensure freshness and quality for every serving. Each scoop will taste as good as the first. Delicious!

$ 2.23

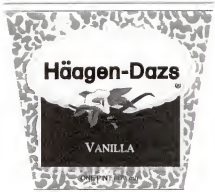
Now is the time to taste an ice cream that is mild, but not bland. Each scoop of Brigham's captures real vanilla bean flavor that is distinct, yet balanced and full of flavor. We use only the best ingredients in our ice cream - whole milk, eggs, and the best vanilla beans. With every mouthful you will agree, Brigham's is the best ice cream around.



$ 2.23

Tom Hill's refreshingly smooth and creamy ice cream is made with all natural vanilla beans, whole milk, and a hint of eggs. We guarantee that each pint will be fresh, wholesome, and full of flavor. Thick and rich, it has a texture and taste just like the ice cream Mom used to make. Tom Hill's is THE premium vanilla ice cream.

I-A-L

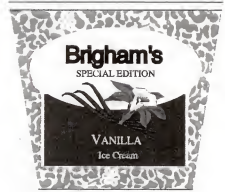


$ 2.79

For over a quarter of a century, Häagen-Dasz has taken pride in bringing you fresh, natural, great tasting ice cream. Häagen-Dasz Vanilla Ice Cream is a rich blend of whole milk, eggs, and organic vanilla beans. We use only the finest ingredients to ensure freshness and quality for every serving. Each scoop will taste as good as the first. Delicious!

$ 2.23

Tom Hill's refreshingly smooth and creamy ice cream is made with all natural vanilla beans, whole milk, and a hint of eggs. We guarantee that each pint will be fresh, wholesome, and full of flavor. Thick and rich, it has a texture and taste just like the ice cream Mom used to make. Tom Hill's is THE premium vanilla ice cream.



$ 2.23

Now is the time to taste an ice cream that is mild, but not bland. Each scoop of Brigham's captures real vanilla bean flavor that is distinct, yet balanced and full of flavor. We use only the best ingredients in our ice cream - whole milk, eggs, and the best vanilla beans. With every mouthful you will agree, Brigham's is the best ice cream around.

I-B-L

APPENDIX B
GENERAL EXPERIMENTAL INSTRUCTIONS

Product evaluation study

When you go to the grocery store or drugstore, the assortment of many common consumer products consists of a mixture of well known familiar brands, and relatively new or lesser known brands. As a consumer you have to make a choice among those brands based on the available information. We want to learn what consumers do in such cases.

In this experiment you will see three sets of brands, each from a different product category. Some of the brands will be well known, others will be relatively unknown, as they are currently not available in this part of the country. We will provide you with price and product information, just like you would find it in the store.

We will ask you to evaluate and compare these products just like you would do in a grocery store. Obviously, as a consumer you are concerned about the prices of the products you buy, but also about quality. The ideal balance between price and quality may be different for different consumers and for different kinds of products. For some products you attach less importance to price differences than for others.

We are studying how you make choices from the sets of brands you will see, taking these considerations into account.

Each set of products will be presented on a separate page in this folder. You will get 1 minute to look at all the information. Then you will turn the page to answer the questions about each set.

At the bottom of each page, it is mentioned whether you can move on to the next page, or whether you have to stop and wait for further instructions. Once you have turned a page, you can never go back to a previous page.

APPENDIX C
EXPERIMENTAL QUESTIONNAIRE

First page of the Experimental Questionnaire.

Below you will find the three brand names of the products you just saw.

1. Suppose you would have to choose between these 3 brands of [product category] during 100 shopping trips. Assume that the prices of the 3 products as well as other product characteristics remain constant during this whole period. How often would you buy each of these brands? The sum of the three numbers has to be 100.

[Leader name]	.... times
[Differentiated follower]	.... times
[Copycat]	.... times

2. Below indicate which of the 3 brands you would buy most often, which brand you would buy second most, and which you would buy least often. The one you would buy most often will receive a rank of 1. The one you would buy second most will receive a rank of 2. The one you would buy least often receives a rank of 3. No ties are allowed.

[Leader name]	[Differentiated follower]	[Copycat]
rank	rank	rank ....

3. If you would have to choose one of these products here and now, which one would you choose? I would choose ... [write in name] ...

Second page of the Experimental Questionnaire.

The next set of questions refer only to the last set of brands you have seen ([product category]).

4. Please explain in your own words which strategy you used in evaluating the products. How did you come up with the answer to question 1 (where you had to estimate the number of times you would buy each of the 3 brands).

(4 lines provided for an answer)

5. Please weigh the following information elements by giving them a score between 1 and 10, such that their sum equals 10. How important was each of these elements in your assessment?

	Importance:
Product information	.....
Package	.....
Brand name	.....
Price	.....

Third page of the Experimental Questionnaire.

6. Compared to other people, how often do you BUY [product category].

0	1	2	3	4	5	6	7	8	9	10
Much less frequently										Much more frequently

7. Compared to other people, how often do you USE [product category].

0	1	2	3	4	5	6	7	8	9	10
Much less frequently										Much more frequently

8. Compared to other people, how FAMILIAR are you with the different brands of [product category].

0	1	2	3	4	5	6	7	8	9	10
Much less familiar										Much more familiar

9. Compared to other brands of [product category], how often do you buy [leader brand].

0	1	2	3	4	5	6	7	8	9	10
I never use it										I never use anything else

10. Compared to other brands of [product category], how often do you use [leader brand].

0	1	2	3	4	5	6	7	8	9	10
I never use it										I never use anything else

11. Compared to other brands of [product category], how familiar are you with [leader brand].

0	1	2	3	4	5	6	7	8	9	10
I never use it										I never use anything else

Fourth page of the Experimental Questionnaire.

12. When you consider brands of [product category], how well can you predict the quality of the product by looking at the price of the product?

0	1	2	3	4	5	6	7	8	9	10
Price is completely unrelated to quality										Higher priced brands are always better than lower priced brands

13. Prior to today, have you ever encountered the [product category] brand [name follower 1] ?: yes/no (circle one).

If so, describe briefly where and when

(2 lines provided for an answer)

14. Prior to today, have you ever encountered the [product category] brand [name follower 2] ?: yes/no (circle one).

If so, describe briefly where and when

(2 lines provided for an answer)

Fifth page of the Experimental Questionnaire.

15. Please explain in your own words what in your opinion the purpose of this experiment was.

(4 lines provided for an answer)

16. In making your choice among the three brands of [product category], how did you make use of the price information?

(3 lines provided for an answer)

17. In making your choice among the three brands of [product category], how did you make use of the visual appearance of the packages?

(3 lines provided for an answer)

Sixth page of the Experimental Questionnaire.

18. Age:

19. Gender:

20. Major:

21. How would you rate your motivation for doing this task?

0	1	2	3	4	5	6	7	8	9	10
I was not at all motivated									I was very motivated	

22. How would you rate your level of effort during this task?

0	1	2	3	4	5	6	7	8	9	10
No effort at all									Very much effort	

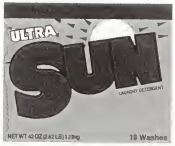
23. How would you rate your interest in this task?

0	1	2	3	4	5	6	7	8	9	10
Not at all interested									Very interested	

APPENDIX D
STIMULI FOR EXPERIMENT 3

$ 3.09

Ultra Tide detergent washes your clothes like no other detergent. Each batch is carefully controlled to clean even the dirtiest clothes effectively. Tide's scientifically developed fighting power tackles tough stains and ground-in dirt without mercy.



$ 2.48

Trusted clothing manufacturers rely on biodegradable Ultra Sun and so can you. Count on the gentleness of Sun's non-irritating ingredients to clean delicate fabrics, safe from shrinking or deteriorating. For all garments that need special care.

$ 2.48

Ultra Prime is trusted by leading clothing experts to gently clean even the most delicate and precious of fabrics safely without shrinking or deterioration. Biodegradable Prime is specially developed to give fluffy soft results, perfect for sensitive skin.

$ 3.09

For a clean you can trust, we developed Ultra Ivory Snow. Our unique non-irritating biodegradable formula is so gentle it is perfect for tender skin and safe for delicate fabrics. Clothes washed with Ivory Snow feel pure, and comfortable. The safest kind of clean for kids and adults!

$ 3.09

Ultra Tide detergent washes your clothes like no other detergent. Each batch is carefully controlled to clean even the dirtiest clothes effectively. Tide's scientifically developed fighting power tackles tough stains and ground-in dirt without mercy.

$ 2.48

Ultra Prime is trusted by leading clothing experts to gently clean even the most delicate and precious of fabrics safely without shrinking or deterioration. Biodegradable Prime is specially developed to give fluffy soft results, perfect for sensitive skin.

$ 2.48

Trusted clothing manufacturers rely on biodegradable Ultra Sun and so can you. Count on the gentleness of Sun's non-irritating ingredients to clean delicate fabrics, safe from shrinking or deteriorating. For all garments that need special care.

$ 3.09

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APPENDIX E
STIMULI FOR EXPERIMENT 4

$ 1.39

Lay's potato chips are always crispy and crunchy made with only pure vegetable oil and Idaho potatoes. They are bursting with more potato taste then any other brand, and contain absolutely no preservatives.
We are number one. Don't settle for anything less.

$ 1.12

Smith's potato chips have a crisp, light texture with more crunch and flavor in every bite. At Smith's we choose only the finest Idaho potatoes. Cooked in pure vegetable oil, each chip turns out crisp and tasty. This slightly round potato chip might just be perfect.

$ 1.12

For nearly half a century, Herr's has taken pride in bringing you the most natural, great tasting potato chips you can buy. Our chips are made from select Idaho potatoes, cooked in pure vegetable oil. Textured to perfection, Herr's golden brown chip is so good, no one can have just one.

P-B-L

$ 1.39

Lay's potato chips are always crispy and crunchy made with only pure vegetable oil and Idaho potatoes. They are bursting with more potato taste then any other brand, and contain absolutely no preservatives.
We are number one. Don't settle for anything less.

$ 1.12

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P-B-L

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BIOGRAPHICAL SKETCH

Luk Warlop was born in Leuven and grew up in Machelen, Belgium, where, although he is a former president of both the local youth center and the communal youth advisory council, he still is known primarily as the son of his father. He attended high school at the Onze-Lieve-Vrouwe (Notre Dame) College in Vilvoorde, Belgium. Next, he pursued a bachelor's degree in psychology and an MBA, both at the Catholic University of Leuven. In 1988 he started replacement service as a conscientious objector at the K.U.Leuven Marketing Department, under supervision of Prof. Piet Vanden Abeele, who convinced him to give up bartending and to apply for a doctoral program. He joined the marketing department of the University of Florida as a doctoral student in August 1990. Since January 1995 he has been a research associate at the Catholic University of Leuven. His research interests are in the areas of consumer decision making and persuasion.

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.

Joseph W. Alba, Chair
Professor of Marketing

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy .

Chris Janiszewski,
Cochair
Associate Professor of
Marketing

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.

S. Ratneshwar
Assistant Professor of
Marketing

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.

John G. Lynch, Jr.
Graduate Research
Professor of Marketing

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.

Richard Romano

Richard Romano
Associate Professor of
Economics

This dissertation was submitted to the Graduate Faculty of the Department of Marketing in the College of Business Administration and to the Graduate School and was accepted as partial fulfillment of the requirements for the degree of Doctor of Philosophy.

August, 1995

Dean, Graduate School